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# BEST GROUP

PRESENTATION OF FINANCIAL RESULTS FOR THE 1<sup>ST</sup> QUARTER OF 2021

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Gdynia, 28 May 2021

## Executive summary

### Key events at BEST Group in 1Q 2021

- High repayments of managed portfolios of claims
- Growth in key financial results
- Further reduction in debt—net debt to equity ratio of 0.76
- Establishment of new bond issue programme with nominal value of up to PLN 200m

Key financial and operating parameters	1Q 2021	1Q 2020	Change
▪ Repayment of claims from managed portfolios, including:	PLN 97.8m	PLN 86.6m	+13%
▪ due to BEST Group	86.9m	77.8m	+12%
▪ Operating revenue	76.7m	63.8m	+20%
▪ Adjusted cash EBITDA*	54.7m	47.8m	+14%
▪ Net profit attributable to BEST shareholders	20.7m	11.3m	+83%

\* Without the share of Kredyt Inkaso, according to calculation in slide 15 (annex)

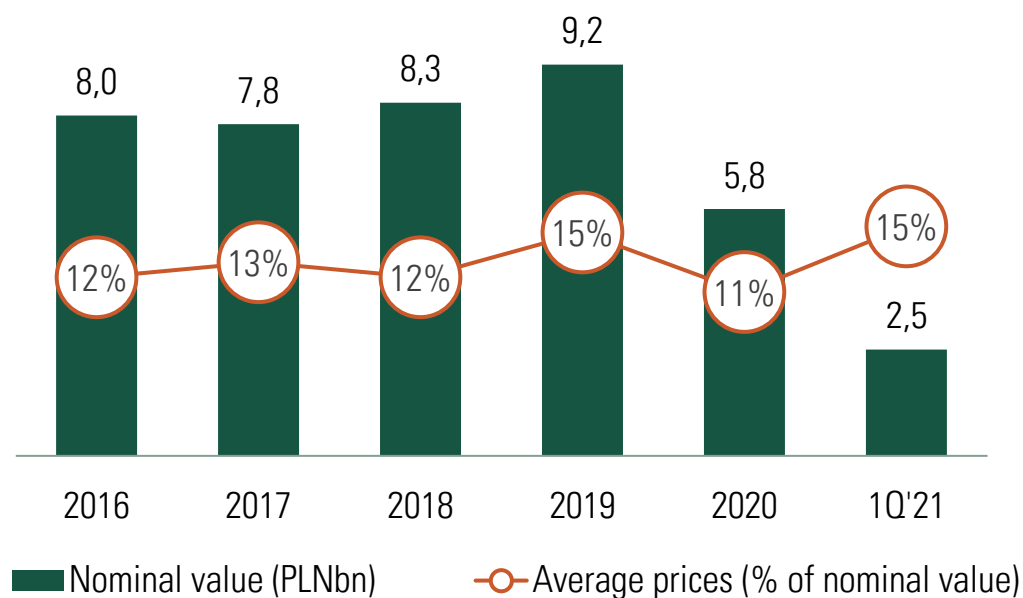
## Poland — nonperforming debt market

### MARKET SITUATION IN 1Q 2021:

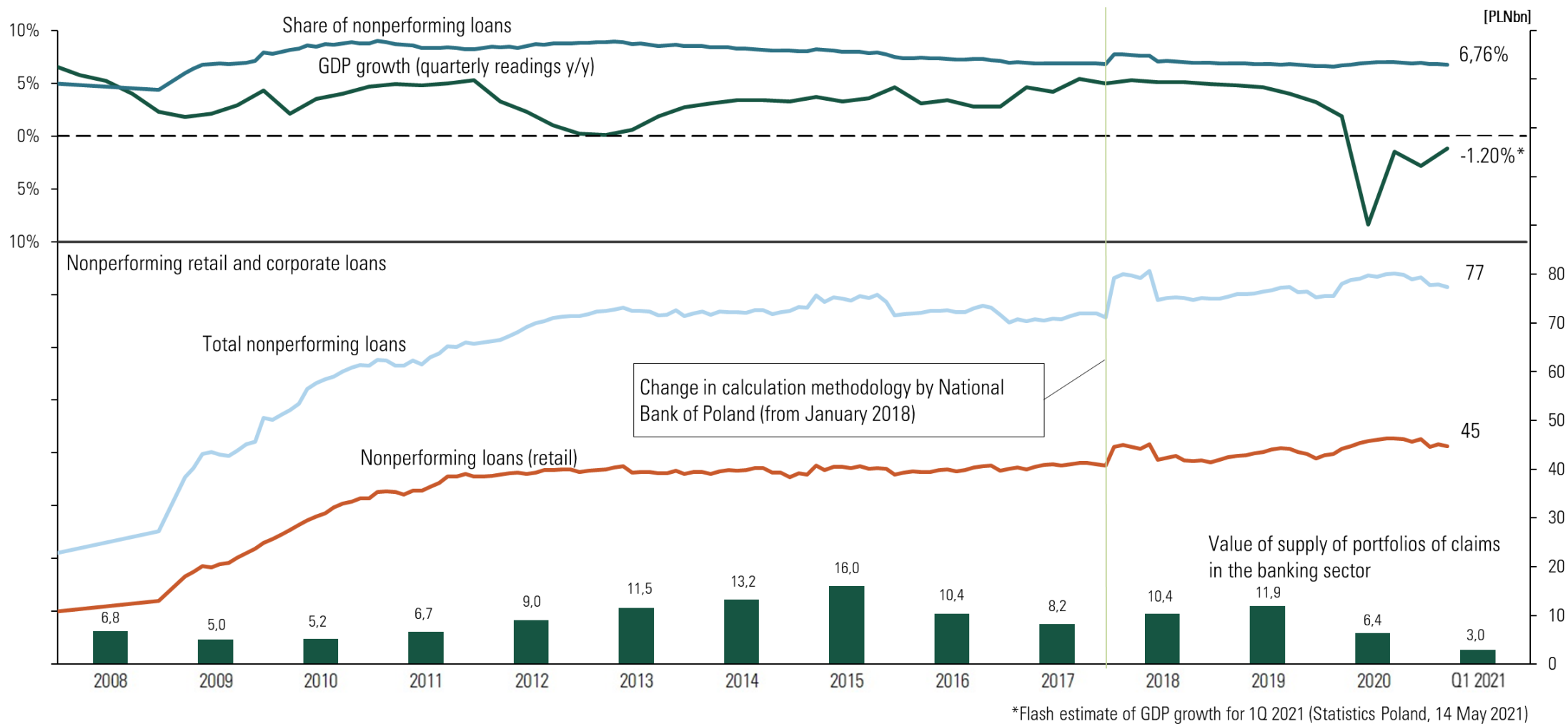
- Rebuilding supply of claims (mainly of banks), significant portion of supply from 2020 shifted to 2021 and later years
- Greater demand on the NPL market from foreign firms and funds
- Continuing high prices of portfolios as a result of increased demand
- Anticipated greater share of supply of claims from SME and corporate sector

### Nonperforming bank loans—supply of portfolios of claims in 2016 – 1Q 2021

(retail portfolios, excluding mortgages and corporate portfolios, primary market)



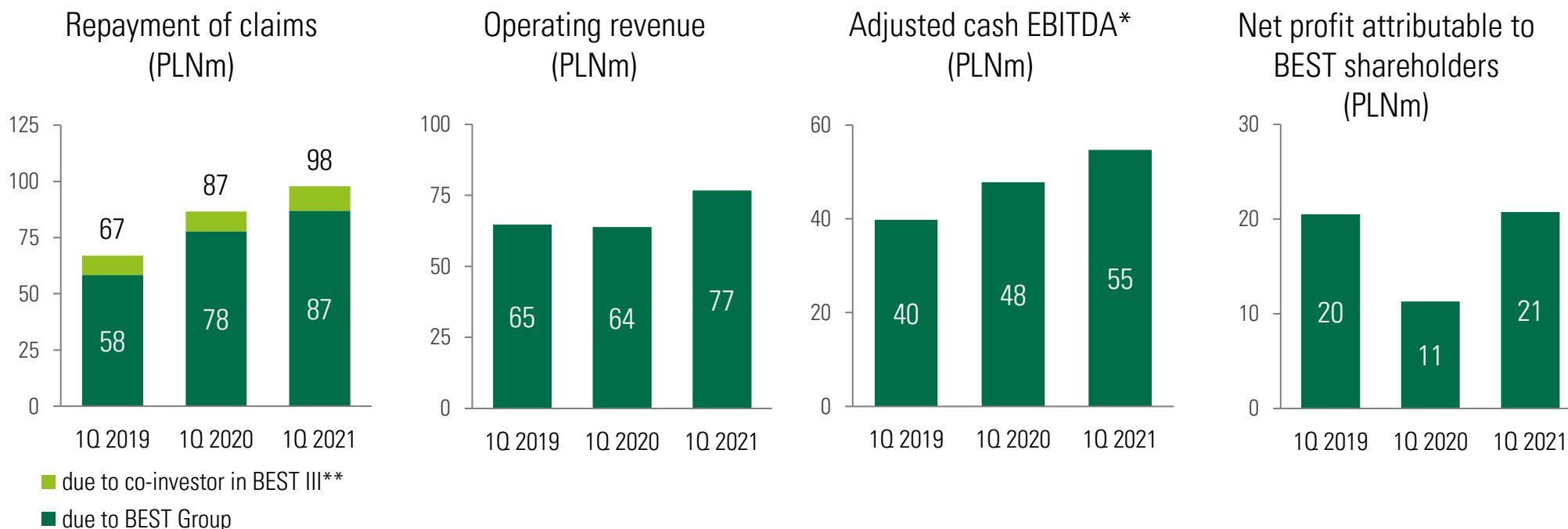
## Poland — nonperforming debt market



# DISCUSSION OF FINANCIAL RESULTS FOR 1Q 2021



## Growing repayment of claims and key financial results



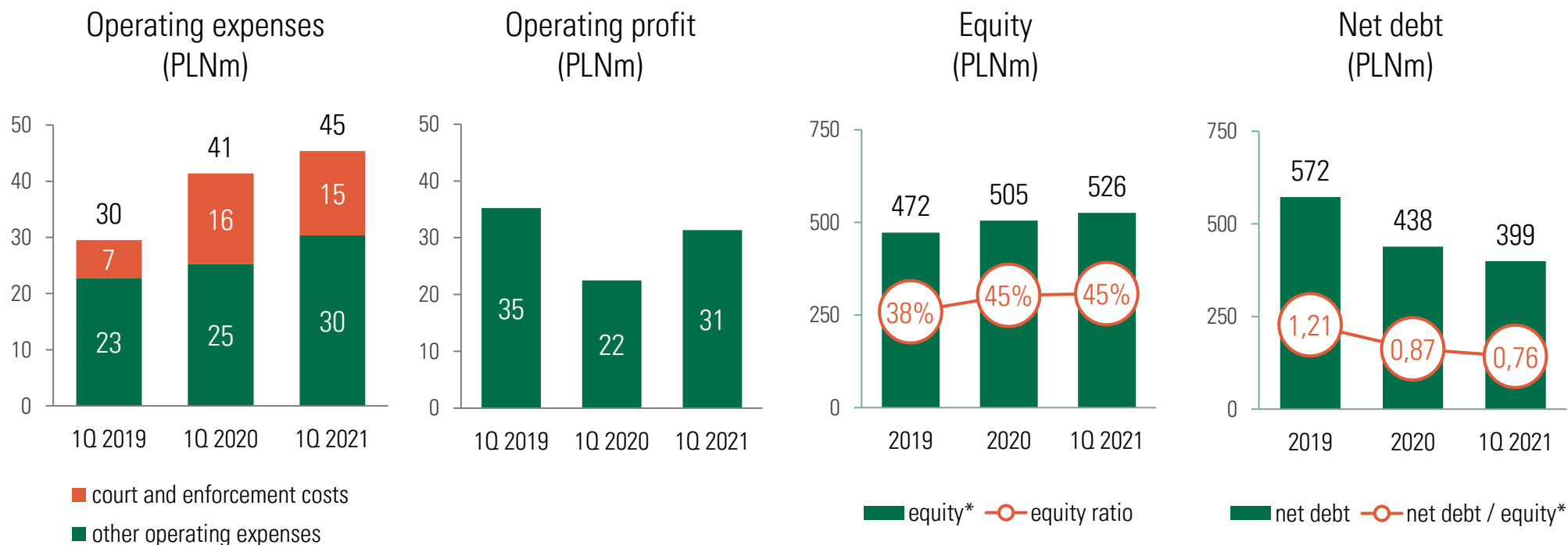
**12%**  
 INCREASE IN REPAYMENT  
 OF CLAIMS DUE TO BEST  
 GROUP  
 (1Q 2021 y/y)

**20%**  
 INCREASE IN OPERATING  
 REVENUE  
 (1Q 2021 y/y)

**14%**  
 INCREASE IN ADJUSTED  
 CASH EBITDA  
 (1Q 2021 y/y)

**83%**  
 INCREASE IN NET PROFIT  
 ATTRIBUTABLE TO BEST  
 SHAREHOLDERS  
 (1Q 2021 y/y)

## High operating efficiency and steady improvement in balance-sheet structure



**-7%**  
STABILIZATION OF COURT AND ENFORCEMENT COSTS (1Q 2021 y/y)

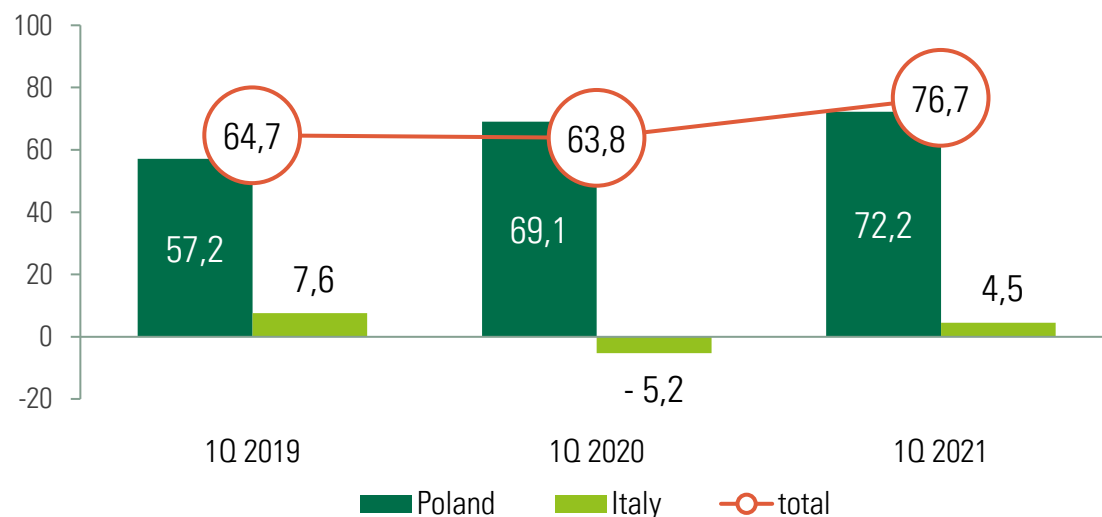
**41%**  
OPERATING MARGIN (1Q 2021)

**0.76**  
VERY LOW DEBT RATIO (31.03.2021)

**-27%**  
DECREASE IN NET DEBT (31.03.2021 vs. 31.03.2020)

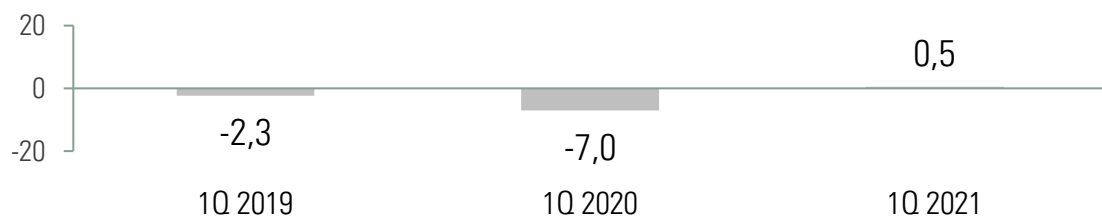
## Significant growth in revenue thanks to high repayment of claims

Operating revenue by market (PLNm)



- Growth in revenue in 1Q 2021 of 20% y/y, mainly thanks to higher than expected repayment of claims
- 6% of revenue from the Italian market

Result from revaluation of portfolios; effect on operating revenue (PLNm)

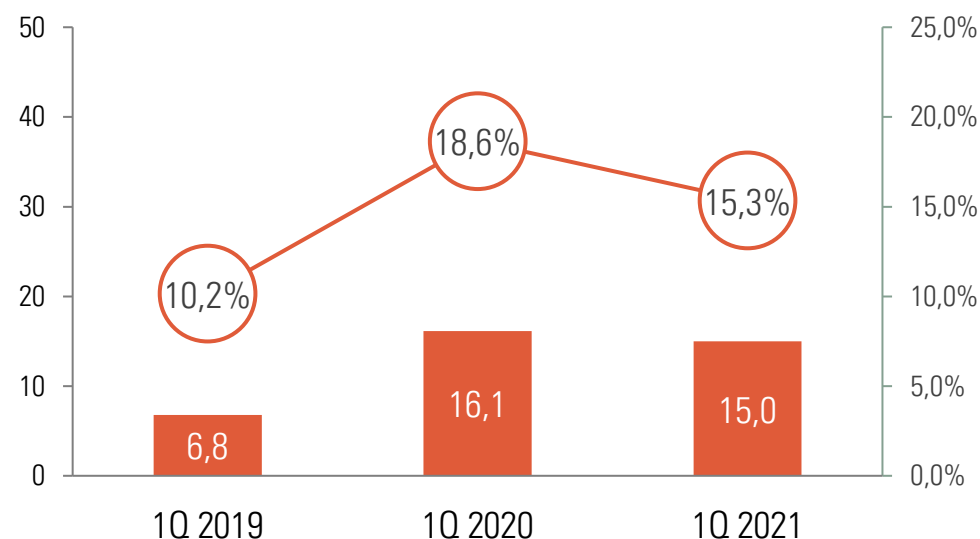
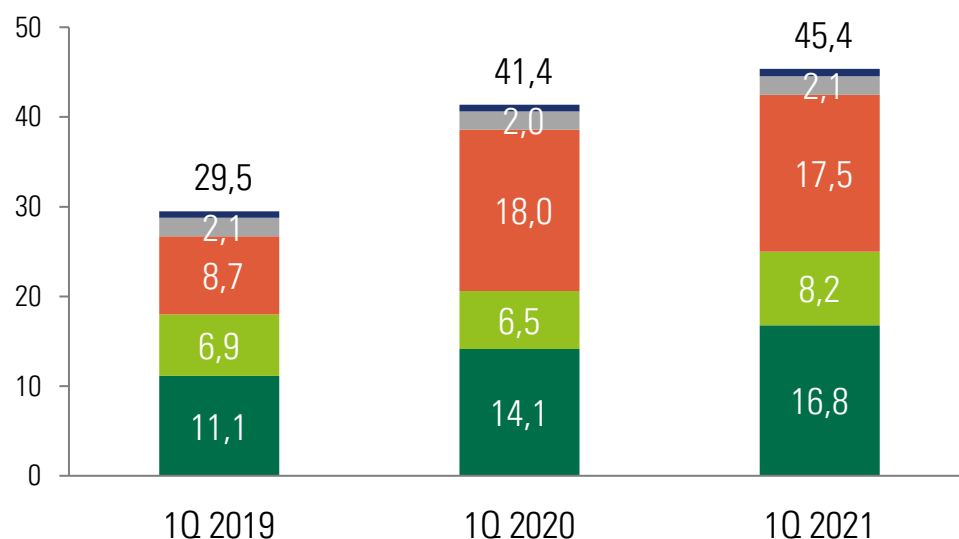


- Neutral balance of revaluations of portfolios in 1Q 2021



## Cost discipline, stabilization of court and enforcement costs

Operating expenses (PLNm)



■ labour costs      ■ third-party services      ■ taxes and fees  
■ amortization      ■ other

■ court and enforcement costs  
○ ratio of court and enforcement costs to total repayments from portfolios

- Court and enforcement costs (shown in the chart on the left under “taxes and fees”) fell in 1Q 2021 by 7% y/y, to PLN 15.0m
- Total operating expenses rose in 1Q 2021 by 10% y/y (on revenue growth of 20% y/y), mainly due to higher labour costs, including for increase in employment

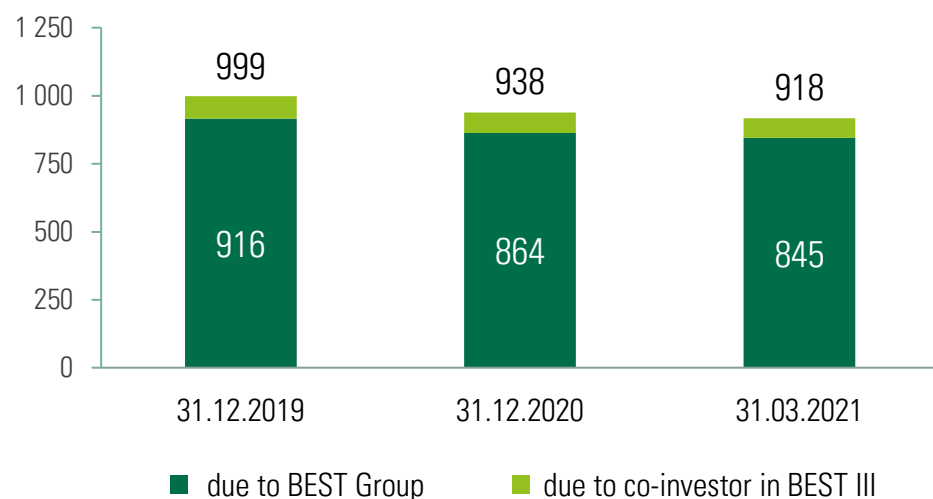
## Financial results

(PLN million)	1Q 2021	1Q 2020	change y/y	2020	2019	change y/y
<b>Operating revenue</b> , including:	<b>76.7</b>	<b>63.8</b>	<b>+20%</b>	<b>295.1</b>	<b>222.2</b>	<b>+33%</b>
Revenue from acquired claims	76.5	63.2	+21%	290.4	231.7	+25%
<i>Interest using the effective interest rate method</i>	<i>60.5</i>	<i>64.2</i>	<i>(6%)</i>	<i>247.6</i>	<i>266.1</i>	<i>(7%)</i>
<i>Deviations from actual payments</i>	<i>15.5</i>	<i>6.1</i>	<i>+153%</i>	<i>40.3</i>	<i>5.1</i>	<i>+689%</i>
<i>Revaluation result</i>	<i>0.5</i>	<i>(7.0)</i>	-	<i>2.5</i>	<i>(40.0)</i>	-
Share in profit/(loss) of Kredyt Inkaso	-	-	-	0.4	(12.5)	-
<b>Operating expenses</b> , including:	<b>45.4</b>	<b>41.4</b>	<b>+10%</b>	<b>207.8</b>	<b>137.5</b>	<b>+51%</b>
Court and enforcement costs	15.0	16.1	(7%)	54.4	38.2	+42%
Write-down in value of investment in Kredyt Inkaso	-	-	-	45.5	-	-
<b>Operating profit</b>	<b>31.3</b>	<b>22.5</b>	<b>+39%</b>	<b>87.3</b>	<b>84.7</b>	<b>+3%</b>
Net financial expenses, including:	9.9	10.9	(10%)	44.9	60.0	(25%)
Interest on financial obligations	4.7	8.6	(45%)	27.5	36.0	(23%)
Valuation of obligations to co-investor in BEST III	4.7	4.9	(5%)	20.0	23.5	(15%)
<b>Net profit</b> , of which:	<b>20.8</b>	<b>11.4</b>	<b>+83%</b>	<b>34.8</b>	<b>19.9</b>	<b>+75%</b>
Attributable to BEST shareholders	20.7	11.3	+83%	34.3	19.5	+76%
<b>Adjusted cash EBITDA*</b>	<b>54.7</b>	<b>47.8</b>	<b>+14%</b>	<b>215.5</b>	<b>173.2</b>	<b>+24%</b>

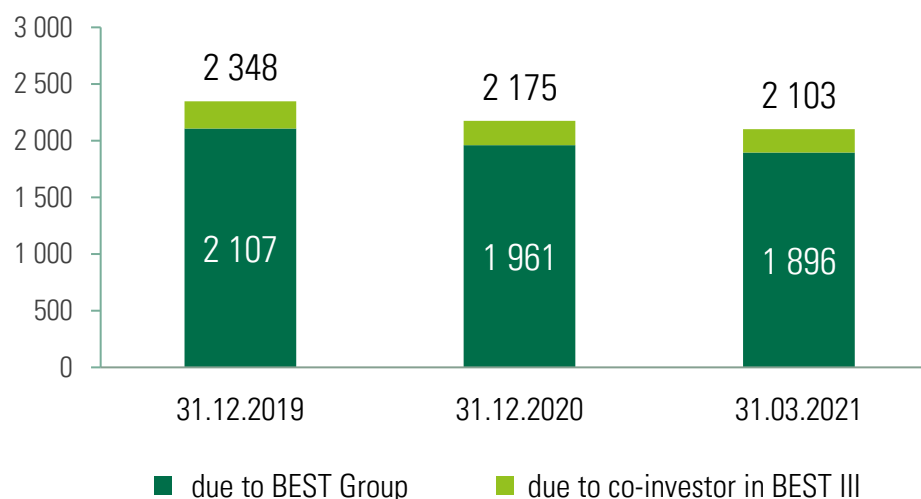
- Higher repayment of claims, neutral revaluation of portfolios
- Growth in operating profit of 39% y/y, and net profit attributable to BEST shareholders of 83% y/y

## Claims portfolios are the biggest asset item

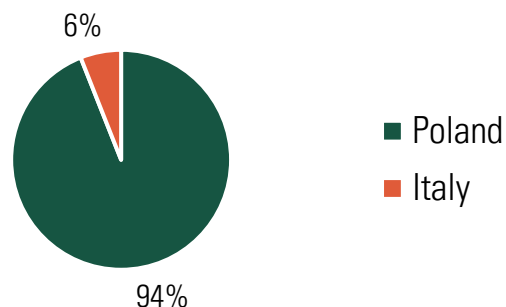
Book value of portfolios (PLNm)



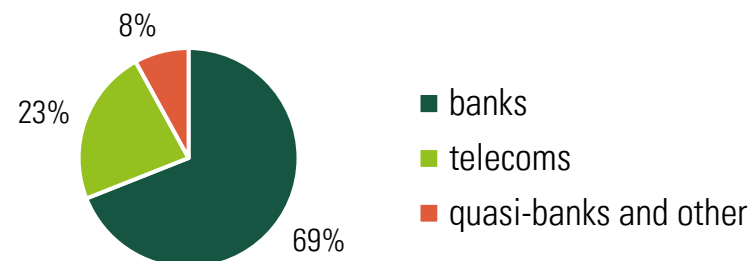
ERC—nominal estimated remaining collections (PLNm)



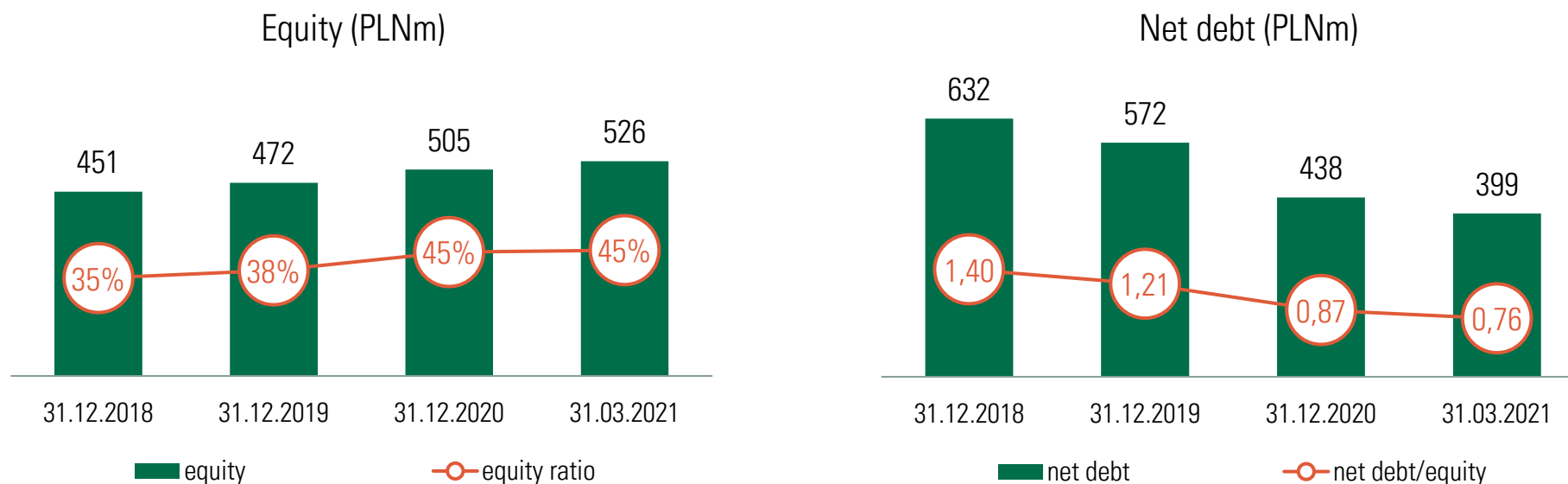
Geographical structure of managed claims



Structure of managed claims by segment



## Continued improvement in balance-sheet structure



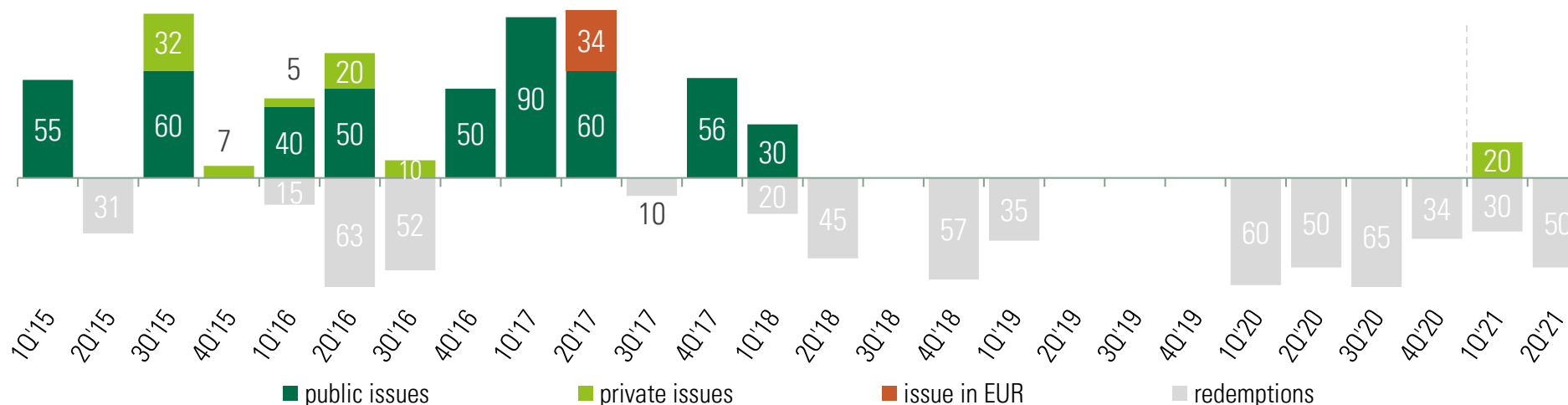
- Steady increase in equity—a result of profit reinvestment policy
- Continued decrease in main debt ratio (net debt/equity) to a very low level; the maximum permissible level of this ratio specified in the bond issue terms is 2.50
- BEST Group’s financial liabilities as of 31.03.2021 (PLNm):
  - 305 - Bonds
  - 157 - Bank loans
  - 27 - Borrowings from management board
  - 22 - Leasing and rental
- Cash position as of 31.03.2021:
  - 113 - Cash and cash equivalents

# BEST GROUP

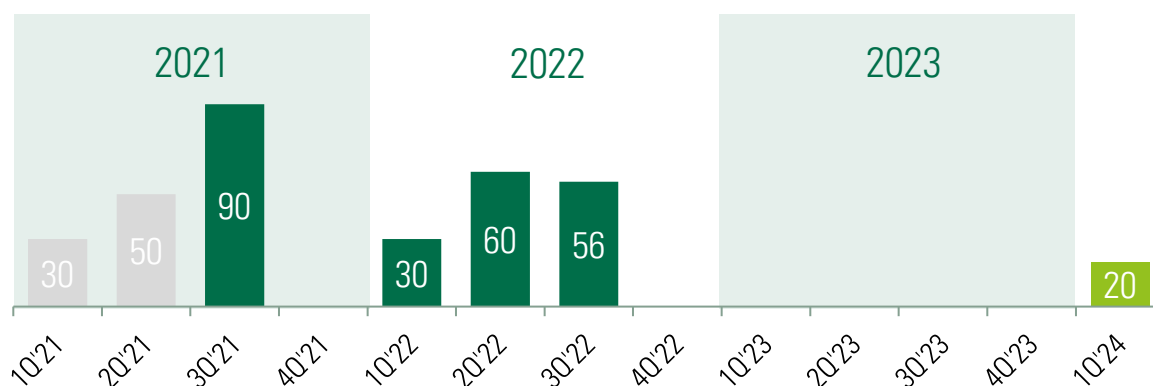


## Bonds are a key element of financing of the Group's business

Issues and redemptions of bonds (PLNm)



Bond repayment schedule (PLNm)



- Since 2010 we have issued bonds with a total nominal value of **PLN 1,064m**, of which **PLN 809m** has already been redeemed.
- We are awaiting approval by the Polish Financial Supervision Authority (KNF) of the basic prospectus of BEST S.A. for a new bond issue programme with a combined nominal value of up to PLN 200m.

# Thank you

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## Annex—cash EBITDA

(PLN million)	1Q 2021	1Q 2020	change y/y	2020	2019	change y/y
<b>BEST</b>						
Repayment of claims	97.8	86.6	+13%	365.3	299.1	+22%
Other revenue	0.2	0.6	(65)%	4.4	3.3	+33%
OPEX (excluding amortization and write-down for Kredyt Inkaso)	(43.3)	(39.3)	+10%	(154.2)	(129.3)	+19%
<b>Adjusted cash EBITDA*</b>	<b>54.7</b>	<b>47.8</b>	<b>+14%</b>	<b>215.5</b>	<b>173.2</b>	<b>+24%</b>

\* Without the share in Kredyt Inkaso

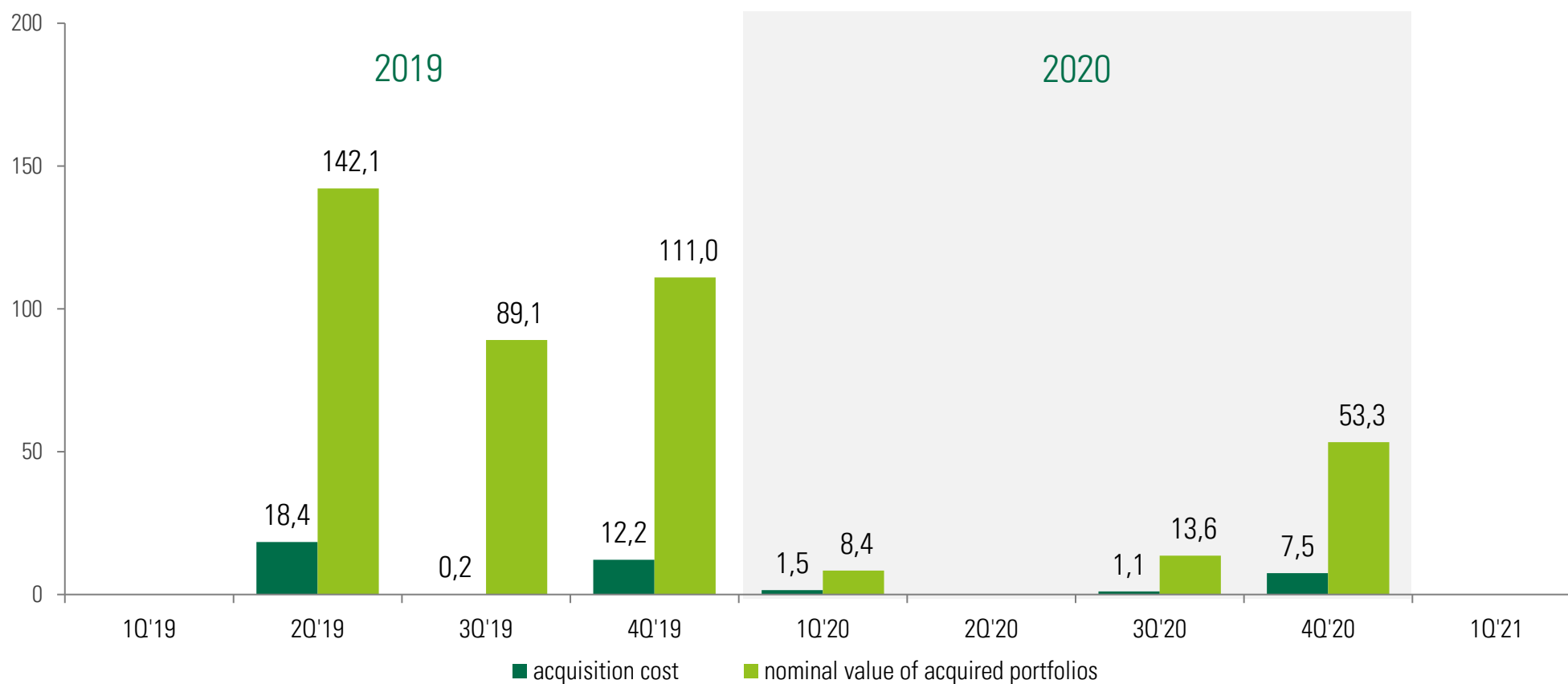
## Annex—statement of financial position

(PLN million)	31.03.2021	31.12.2020	31.12.2019*
<b>Assets</b> , including:	<b>1,164.6</b>	<b>1,134.9</b>	<b>1,244.9</b>
Cash and cash equivalents	113.4	65.6	82.0
Claims acquired	917.6	938.4	998.6
Investments in associates	51.4	51.4	98.7
Investment real property	23.5	23.5	20.6
<b>Equity and liabilities</b> , including:	<b>1,164.6</b>	<b>1,134.9</b>	<b>1,244.9</b>
Financial liabilities	512.8	504.0	654.4
Obligations to co-investor in BEST III	72.9	75.5	82.3
Equity	525.9	505.1	472.5
<b>Net debt</b>	<b>399.4</b>	<b>437.5</b>	<b>572.4</b>
<b>Net debt/equity</b>	<b>0.76</b>	<b>0.87</b>	<b>1.21</b>



## Annex—investments in claim portfolios

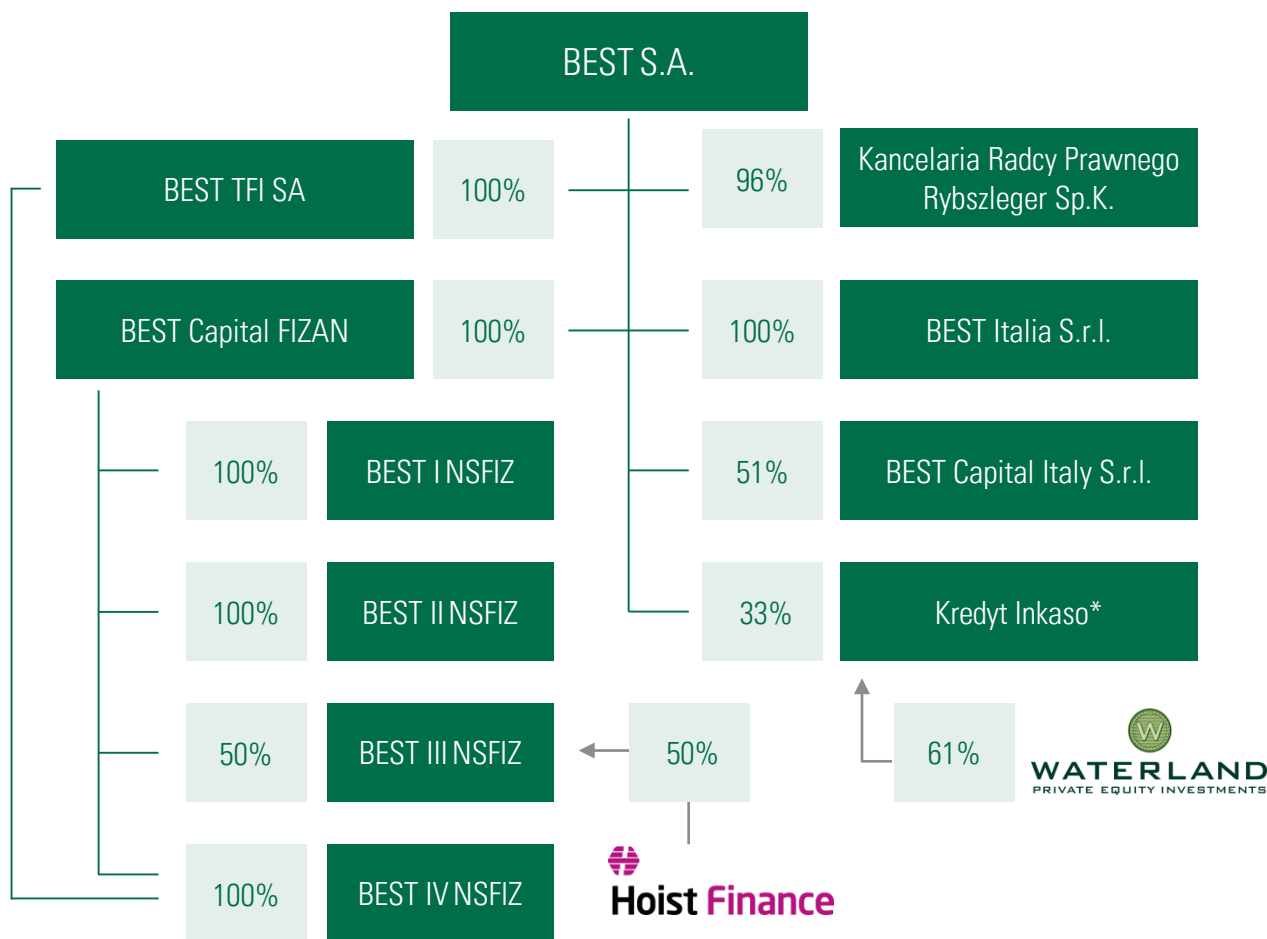
Investments in claim portfolios (PLNm)



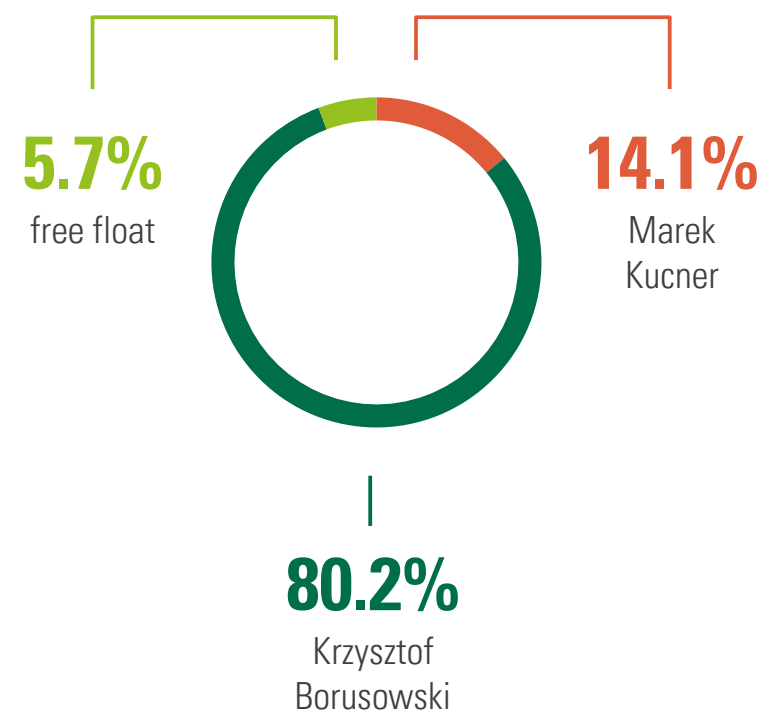
# BEST GROUP



## Annex—Capital group structure



Shareholders of BEST S.A.  
(percentage of share capital)



\* associate